UNITED STATES DISTRICT COURT EASTERN DISTRICT OF TEXAS BEAUMONT DIVISION

FILED-CLERK U.S. DISTRICT COURT

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VICTOR T. MURRAY,	§	ORIGINAL COMPLENNT
·	§	• • •
Relator,	§	Date Received:
	§	All Pleadings and Motions filed
BRINGS THIS ACTION ON	§	IN CAMERA. Sealed pursuant to
BEHALF OF THE	§	31 U.S.C. §3730(b)(2).
UNITED STATES OF AMERICA		
	<i>\$</i>	
c/o J. Michael Bradford	§	
United States Attorney for the	§	
Eastern District of Texas	§	
350 Magnolia Ave., Suite 150	§	
Beaumont, TX 77701-2237	§	
	SP	
and	S	MEDU
1111	5	
c/o Janet Reno		
Attorney General of the Unite	S	
States Department of Justice	§	
10th & Constitution Aves., N.W.	§	
Washington, DC 20530	<i>๛๛๛๛๛๛</i>	0.000.1340
	§	9:990340
Plaintiffs,	§	
	§	CIVIL A CIPIONANO
vs.	8	CIVIL ACTION NO.
Makil Oil Companyion	9	
Mobil Oil Corporation,	3	
Mobil Natural Gas, Inc.,	8	
Mobil Exploration and Producing	§ § §	
U.S., Inc., Mobil Exploration	3	
and Producing Texas & New		
Mexico, Inc., and Mobil Exploration	§	

RELATOR'S ORIGINAL COMPLAINT FOR DAMAGES AND OTHER RELIEF UNDER THE FEDERAL FALSE CLAIMS ACT

and Producing Southeast, Inc.

Relator Victor T. Murray ("Relator") brings this *qui tam* action in the name of the United States of America against the Defendants named herein and alleges as follows:

I.

JURISDICTION AND VENUE

- 1. This action arises under the False Claims Act, 31 U.S.C. §§ 3729-3732.
- 2. The Relator is authorized bring these claims on behalf of the United States in this action pursuant to 31 U.S.C. § 3730(b).
- 3. This Court has jurisdiction over this case pursuant to 28 U.S.C. §§ 1331 and 1345 and 31 U.S.C. § 3732(a).
- 4. At all times relevant to the facts of this case, Mobil is found, resides, and/or transacts business in the Eastern District of Texas. Moreover, information and belief, one or more of the acts proscribed by 31 U.S.C. § 3729 occurred in the Eastern District of Texas. Accordingly, venue is proper in the Eastern District of Texas pursuant to 31 U.S.C. § 1291(b) and § 3732(a).

II.

PARTIES

Av.

A. The Relator

5. Relator is a resident of Harris County, Texas. Relator was employed by Mobil Oil Corporation from November 1986 until January 1992. Relator held various positions and for a period was the Manager of Gas Transportation and Exchange ("T&E"). Specifically, from 1986 until 1989, Relator served in this capacity through Northern American Gas, which is a division of Mobil Exploration & Producing U.S, Inc. Relator later served in this capacity through Mobil Natural Gas, Inc., which is a corporation wholly owned and controlled by Mobil Oil Corporation.

Relator's duties throughout the relevant time period included providing for the transportation of the defendants' direct sales of natural gas, assisting marketing personnel and developing direct markets, assisting supply personnel in insuring that 100 percent of the defendants' uncommitted or release natural gas flowed to direct markets, developing a T&E unit within the natural gas group, and developing a nominations and dispatch group to dispatch all of the defendants' natural gas owed to direct markets. As manager of T&E, Relator's duties also included the recording of all T&E expenses; those include transportation, gathering, fuel use, storage, and other costs that would ultimately be deducted from the sales price. Furthermore, as manager of T&E, Relator's duties included being a member of the defendants' marketing group's administration staff and advising upper management of all marketing policies and issues.

B. <u>The Defendants</u>

- of the State of New York. Mobil Oil Corporation may be served with a Summons by serving its registered agent, Prentice-Hall Corporation System, 800 Brazos, Austin, Texas 78701. Mobil Oil Corporation, by and through its past and present representatives, agents, subsidiaries, divisions and/or affiliates, is in the business of producing natural gas in the United States, including natural gas produced from United States-owned and United States-controlled lands. At all times relevant to the facts in this case, Mobil Oil Corporation, by and through its past and present representatives, agents, subsidiaries, divisions and/or affiliates, conducted and continues to conduct operations throughout the United States and Texas, including the Eastern District of Texas.
- 6(b) **Defendant Mobil Exploration and Producing U.S.** ("MEPUS") is a division, subsidiary or affiliate of defendant Mobil Oil Corporation. MEPUS is a corporation organized

under the laws of the State of Delaware. MEPUS may be served with a Summons by serving its registered agent, Prentice-Hall Corporation System, 800 Brazos, Austin, Texas 78701. MEPUS, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, is in the business of producing natural gas in the United States, including natural gas produced from United States-owned and United States-controlled lands. At all times relevant to the facts in this case, MEPUS, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, conducted and continues to conduct operations throughout the United States and Texas, including the Eastern District of Texas.

- of defendant Mobil Oil Corporation. MNGI is a corporation organized under the laws of the State of Delaware. MNGI may be served with a Summons by serving its registered agent, Prentice-Hall Corporation System, 800 Brazos, Austin, Texas 78701. MNGI, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, is in the business of producing natural gas in the United States, including natural gas produced from United States-owned and United States-controlled lands. At all times relevant to the facts in this case, MNGI, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, conducted and continues to conduct operations throughout the United States and Texas, including the Eastern District of Texas.
- 6(d) Defendant Mobil Exploration and Producing Texas & New Mexico, Inc. ("MEPTN") is a division, subsidiary or affiliate of defendant Mobil Oil Corporation. MEPTN is a corporation organized under the laws of the State of Delaware. MEPTN may be served with a Summons by serving its registered agent, Prentice-Hall Corporation System, 800 Brazos, Austin,

Texas 78701. MEPTN, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, is in the business of producing natural gas in the United States, including natural gas produced from United States-owned and United States-controlled lands. At all times relevant to the facts in this case, MEPTN, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, conducted and continues to conduct operations throughout the United States and Texas, including the Eastern District of Texas.

- 6(e) Defendant Mobil Exploration and Producing Southeast, Inc. ("MEPSI") is a division, subsidiary or affiliate of defendant Mobil Oil Corporation. MEPSI is a corporation organized under the laws of the State of Delaware. MEPSI may be served with a Summons by serving its registered agent, Prentice-Hall Corporation System, 800 Brazos, Austin, Texas 78701. MEPSI, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, is in the business of producing natural gas in the United States, including natural gas produced from United States-owned and United States-controlled lands. At all times relevant to the facts in this case, MEPSI, by and through its parent corporation, its past and present representatives, agents, subsidiaries, divisions and/or affiliates, conducted and continues to conduct operations throughout the United States and Texas, including the Eastern District of Texas.
- 7. Defendant Mobil Oil Corporation used a number of corporate entities in connection with its natural gas production and marketing activities, including the other defendants named herein. However, all production and marketing decisions and activities were controlled by and for the direct benefit defendant of Mobil Oil Corporation. Moreover, defendant Mobil Oil Corporation

did not recognize or treat entities such as the other defendants herein as separate and distinct from itself; rather, defendant Mobil Oil Corporation and the other defendants operated as a single business enterprise. Furthermore, defendant Mobil Oil Corporation abused the corporate form in furtherance of the improper conduct described herein. Accordingly, the conduct of all defendants herein is actually the conduct of defendant Mobil Oil Corporation. As a result, all defendants herein are referred to as Mobil.

III.

INTRODUCTION

8. The causes of action alleged herein arise from the calculated and fraudulent acts of Mobil to short-change the United States of America ("United States") of millions of dollars in revenues-known as royalties-derived from the production of natural gas¹ from Federal and American-Indian owned lands. Specifically, Relator, in the name of the United States, brings this action to recover damages and penalties attributable to, among other things, a pattern and practice of carefully developed and coordinated schemes designed to defraud the United States of its lawful share of natural gas royalties² owed by Mobil for natural gas produced from United States-owned and/or controlled lands (including American-Indian owned lands). Mobil's unlawful conduct is

¹All references to natural gas in this Original Complaint include natural gas, casing head gas, gas liquids and/or natural gas liquids.

²Natural gas royalties means royalties derived from federal lands and Indian-owned lands and includes natural gas production from offshore leases.

continuing in nature, and Relator files this complaint to insure that the United States' natural gas reserves are not further converted and/or diverted to Mobil's use without payment of full compensation as required by contract and law.

- 9. Mobil has underpaid natural gas royalties to the United States by calculating the royalties based on prices less than the total consideration actually received by Mobil. Mobil has filed reports with the United States that reflect these deflated prices as the basis for representing the value of the United States' entitlement to natural gas royalties.
- 10. Through his position at Mobil, Relator has personal and direct knowledge of Mobil's fraudulent and unlawful conduct, including the schemes and practices alleged herein, which include Mobil's misrepresentation and underpayment of natural gas royalty payments to the United States by, among other things, the following:
 - (i) Misrepresenting the post-production charges (including overhead expenses, processing fees, marketing fees, and other erroneous charges) incurred by Mobil and improperly deducting those charges from the natural gas royalties paid to the United States.
 - (ii) Manipulating the prices used to determine natural gas royalties and fraudulently concealing the same by using improper index prices or prices at improper market locations and then deducting excessive and fictitious transportation rates from those market locations to the lease.
 - (iii) Manipulating the pipeline natural gas imbalances to obtain the highest prices for Mobil during peak demand periods while actually paying natural gas

- royalties to the United States on substantially lower prices during periods when the demand for natural gas is less.
- (iv) Misrepresenting the fuel charges incurred by Mobil and improperly deducting those charges from the natural gas royalties paid to the United States.
- (v) Manipulating the transportation rates purportedly incurred by Mobil and improperly deducting those charges from the natural gas royalties paid to the United States while actually receiving a credit from the major interstate natural gas pipeline companies pursuant to Take-Or-Pay settlement agreements.
- (vi) Misrepresenting the natural gas royalties it owed to the United States by failing to include in its royalty calculations the premiums it received under warranty natural gas sales contracts.
- Mobil has knowingly and intentionally employed all of the schemes described above in a calculated, intentional effort to cheat the United States out of its natural gas royalty income by deflating the base price of natural gas upon which royalties are to be paid.

IV.

FACTS

- 12. The United States owns and/or controls real property, including American-Indian owned lands, which contain vast resources of natural gas. These properties are scattered across many million acres of land and include both offshore and onshore tracts.
- 13. These lands have been parceled into numerous leases, which in 1999 are expected to bring substantial revenues known as "natural gas royalties" to the United States Treasury.

- 14. The United States leases these parcels to the gas industry-including Mobil-with the legal expectancy that the lessees (including Mobil) will fully compensate the United States through legally required payments—the "natural gas royalties"—from natural gas that is produced from these lands. These royalty payments translate into real dollars that the United States uses to run the government and otherwise fund social and other programs that aid all Americans, including programs for school children, the elderly, and national defense.
- 15. The collection of the United States' natural gas royalties from federal lands is administered by the Minerals Management Service ("MMS") of the United States Department of the Interior ("DOI").
- 16. The United States, through the MMS, requires each lessee (including Mobil) to file a monthly report (Form MMS-2014; "Report of Sales and Royalty Remittance") of natural gas sales and royalty remittances for the preceding production month. This report form requires each lessee (including Mobil) to state the sales values and volumes at which the natural gas royalties have been calculated for royalty payments.
 - 17. Form MMS 2014 includes the following statement:
 - "WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with Federal law(s)."
- 18. In addition, Form MMS-2014 has a signature line that includes the following statement: "I have read and examined the statements in this report and agree that they are accurate and complete."

- 19. The United States, through the MMS, has published an "Oil and Gas Payor Handbook Volume II" ("Handbook") that is designed to "assist payors" (for example, Mobil) in preparing reports pursuant to the Auditing and Financial System ("AFS") promulgated by the MMS Royalty Management program.
- Data information submitted by payors, including Mobil, is submitted on form (PIF) MMS-4025, and Form MMS 2014 is used to report sales and royalties. The Handbook specifies four different authorized formats for use by payors to report their royalties to the MMS. Those formats include the following: Form MMS-2014 ("Report of Sales and Royalty Remittance"); Model Form MMS-2014 ("MMS computer-generated" version of the Form MMS-2014 with preprinted information); Payor computer-generated Form MMS-2014 with preprinted information; Payor computer-generated Form MMS-2014 (Payor-generated facsimile of the Form MMS-2014); and Magnetic/cartridge tape (Tape reporting medium of the form MMS-2014).
- 21. The Code of Federal Regulations ("C.F.R.") at 30 C.F.R Section 206.152 provides the royalty valuation standard for natural gas produced from federal lands. Subsection (h) of this section provides as follows:
 - "(h) Notwithstanding any other provision of this section, under no circumstances shall the value of production for royalty purposes be less than **the gross proceeds accruing to the lessee** for lease production, less applicable allowances" (Emphasis added.)
- 22. At least since 1988, the "value" of natural gas production for royalty purposes on which Mobil has calculated and paid the United States royalties has been less than the true total consideration received by the Defendants ("gross proceeds").

- 23. Mobil has disguised from the United States and other parties the true and total consideration received for the natural gas through the implementation of, among other things, the six schemes described at page 7 herein.
- 24. Mobil is a sophisticated buyer, seller, and trader of natural gas. Mobil produces a significant quantity of the natural gas produced in this country. As a sophisticated producer, buyer, seller, and trader of natural gas, Mobil since 1988 has received at least the true market values for their own production of natural gas.
- 25. Mobil has knowledge of the true gross proceeds that it has received for its lease production of natural gas. Furthermore, Mobil knows and has known that these gross proceeds have been higher than the basis on which Mobil has have made its natural gas royalty payments to the United States.
- 26. Consequently, Mobil has knowingly and falsely stated on each monthly report Form MMS-2014 filed since 1988 both (i) the gross proceeds accruing to Mobil for its lease production of natural gas and (ii) the amounts owed by Mobil to the United States. Mobil made such false representations in order to conceal, avoid or decrease its obligations to pay or transmit money to the United States.
- 27. Item 16 of Form MMS-2014 is entitled "Sales Value" All monthly Form MMS-2014s filed (at item 16) by Mobil since 1988 state a price that is less than Mobil's actual gross proceeds or equivalent market value for natural gas. These were false and inaccurate statements, and each such statement is a separate violation of the False Claims Act for which civil penalties may be assessed. Relator seeks to recover from Mobil the maximum civil penalty for each such separate violation

- 28. Item 18 of Form MMS-2014 is entitled "Royalty Value." All monthly Form MMS-2014s filed (at item 18) by Mobil since 1988 state a price that is less than Mobil's actual gross proceeds or equivalent market value for natural gas. These were false and inaccurate statements, and each such statement is a separate violation of the False Claims Act for which civil penalties may be assessed. Relator seeks to recover from Mobil the maximum civil penalty for each such separate violation.
- 29. As set forth in paragraph 10 herein, Mobil has used at least six schemes to mislead the United States and thereby underpay its natural gas royalty obligations.
- 30. Under the first scheme, Mobil knowingly and intentionally underpaid the natural gas royalties it owed to the United States by misrepresenting the post-production charges incurred by Mobil and improperly deducting those charges from the natural gas royalties paid to the United States. These charges include overhead expenses, processing fees, marketing fees, and other charges not actually incurred by Mobil. Mobil knowingly and intentionally reduced the natural gas royalties it paid to the United States by deducting certain expenses (including overhead) that were unrelated to natural gas production or marketing. This reduced the value on which federal natural gas royalties were reported and paid by Mobil and, as a result, the United States suffered substantial damages.
- 31. Under the second scheme used by Mobil to shortchange the United States, Mobil knowingly and intentionally underpaid the natural gas royalties it owed to the United States by manipulating natural gas prices and fraudulently concealing the same from the United States through the use of complex marketing arrangements that prevented the United States from discovering the underpayments. For example, in reporting the value of federal natural gas production, Mobil would

(i) calculate the natural gas royalties as though all the natural gas from particular federal leases or areas was delivered to a distant market location and (ii) deduct transportation and other costs from that distant location back to the lease or valuation point. However, not all the natural gas was delivered to the distant location; instead, a substantial portion of the natural gas was delivered to a location much closer to the lease or valuation point. As a result, the transportation and other costs actually incurred by Mobil were much lower than reported to the United States. Consequently, Mobil underpaid the natural gas royalties it actually owed and the United States suffered substantial damages. As a further example, Mobil knowingly and intentionally used improper index prices to establish an invalid "value" for federal natural gas prior to the deduction of costs and expenses. The use of this improper low price allowed Mobil to underpay its federal natural gas royalties, and the United States thereby suffered substantial damages.

32. The third scheme used by Mobil to disguise the actual market value of the United States' natural gas involves manipulating the pipeline natural gas imbalance volumes to (i) receive premium prices, (ii) report sales prices to the United States that were less than those premium prices, and (iii) calculate its natural gas royalties on the lower sales prices. Mobil consistently sold natural gas during peak demand/high price periods in excess of the natural gas Mobil was currently producing or had in storage. Mobil did this by designating natural gas for delivery and creating pipeline imbalances during these peak periods. Mobil then made up these imbalances during low demand/low price periods. Mobil based its natural gas royalty payments to the United States on the market price at the time the natural gas was produced from the wellhead rather than the actual sales prices received at the time Mobil sold the natural gas during the peak demand/high price time. Mobil also knowingly and intentionally underpaid the natural gas royalties it owed to the United States by

gas into storage during low demand/low price periods and actually selling the natural gas during high demand/high price periods. Mobil paid its natural gas royalties to the United States based on the market price at the time the natural gas was injected into storage without regard to the ultimate sales price. As a result, the United States suffered substantial damages.

- 33. Under Mobil's fourth scheme, Mobil knowingly and intentionally underpaid the natural gas royalties it owed to the United States by deducting improper pipeline fuel charges. Mobil routinely deducted the maximum fuel charge allowed under the pipeline tariff on file with the Federal Energy Regulatory Commission for the pipeline transporting the natural gas to a sales location. Mobil rarely actually incurred or paid such fuel charges. Instead, Mobil several months later would be charged and pay only the only actual fuel used by the pipeline company. This fuel usage was almost always less than the fuel charge used by Mobil in calculating the natural gas royalties owed to the United States. As a result, the United States suffered substantial damages.
- underpaid the natural gas royalties it owed to the United States as a result of Take-Or-Pay settlement agreements ("Settlements") Mobil had entered into with numerous major interstate natural gas pipeline companies ("Pipeline Companies"). The Settlements provided for Mobil to receive Take-Or-Pay settlement credit (in lieu of money) from Pipeline Companies (such credit internally known as Transportation Banks) during a fixed time frame. Mobil's Transportation Bank credit was reduced over the allotted time by the cost of natural gas transportation services provided by the Pipeline Companies to Mobil. Because Mobil's Transportation Bank credit had to be completely reduced within the allotted time, it was in the best interest of both Mobil and the Pipeline

Companies for the Pipeline Companies to invoice Mobil for the maximum natural gas transportation rate on all natural gas volumes transported during this time frame. Of course, prior to establishing Mobil's Transportation Banks, Mobil had the incentive to negotiate lower natural gas transportation rates to maximize profits and the Pipeline Companies had the incentive to negotiate lower rates to keep their pipeline systems operating at maximum capacity. Because Mobil used the maximum natural gas transportation rates to calculate the natural gas royalty payments it made to the United States, the United States received payments from Mobil that were burdened with substantial improper deductions. Therefore, the United States suffered substantial damages.

- underpaid the natural gas royalties it owed to the United States by failing to include in its royalty calculations the premiums it received under warranty natural gas sales contracts. Specifically, Mobil entered into warranty contracts guaranteeing to sell a certain volume of natural gas to a purchaser. In exchange for the warranty, Mobil demanded a premium above the actual market value of the natural gas. Mobil did not take into account these premiums in calculating the natural gas royalties it owed to the United States. As a result, the United States suffered substantial damages.
- 36. Since at least 1988, Mobil has engaged (and continues to engage) in some or all of the schemes described above. These schemes allowed Mobil to improperly take and continue to improperly take federal property, that is, natural gas from Federal and Indian Lands. Mobil also used these schemes to underpay royalties owed to the federal government, thereby damaging (and continuing to damage) the United States.

- 37. The false statements described herein constitute direct false claims within the meaning of 31 U.S.C. § 3729 (a)(1-3) as well as reverse false claims within the meaning of 31 U.S.C. § 3729 (a)(7).
- 38. As a result of such false and/or fraudulent claims being presented to the United States by Mobil, the United States has been and continues to be damaged.
- 39. Damages to the United States include the amounts by which natural gas royalties have been calculated and paid on bases less than the gross proceeds actually accruing to Mobil for the natural gas lease production.

COUNT I

(False Claims Act - 31 U.S.C. § 3729(a)(1))

- 40. The preceding factual statements and allegations are incorporated herein by reference.
- 41. Mobil knowingly and intentionally engaged in one or more of the schemes described above for the purpose of obtaining the property of the United States ("natural gas") from Federal and Indian lands for a value less than the true value of the natural gas. By law and contract, Mobil is required each month to submit for approval monthly MMS-2014 forms for each lease Mobil operates and/or pay natural gas royalties on Federal and Indian lands.
- 42. Mobil knowingly and intentionally presented or caused to be presented to the DOI (MMS) false, fraudulent and inaccurate MMS-2014 forms for approval by DOI. In particular, Mobil knowingly and intentionally falsified and inaccurately reported, on each MMS-2014 form, line 16 "Sales Value" of the natural gas, line 18 "Royalty Value" of the natural gas, and the certification previously set forth in paragraph 18. Mobil presented these falsified and inaccurate

forms to DOI (MMS) since at least 1988 for approval in order to obtain and convert (and did in fact obtain and covert) the property of the United States (natural gas from Federal and Indian lands). On information and belief, Mobil made at least tens of thousands false claims.

43. Mobil's unlawful conduct is continuing in nature and thus threatens to continue the unlawful taking of natural gas by Mobil from the United States as a result of its false claims.

WHEREFORE, Relator, on behalf of himself and the United States, requests:

- 1. That Mobil be cited to appear and answer and, upon final trial or hearing, judgment be awarded to Plaintiffs and imposed upon Mobil for:
 - (i) all actual, incidental and/or consequential damages sustained by the United States;
 - (ii) treble damages pursuant to 31 U.S.C. § 3729(a);
 - (iii) civil penalties pursuant to 31 U.S.C. § 3729(a);
 - (iv) post-judgment interest at the highest legal rates, where applicable;

B. That:

- (i) Relator be awarded reasonable and necessary attorneys' fees, litigation expenses and court costs through the trial and any appeals of this case;
- (ii) in the event the United States intervenes in and proceeds with this action, Relator be awarded an amount for originating this action of at least 15%, but not more than 25%, of the proceeds of the action or settlement;
- (iii) in the event the United States does not intervene in and proceed with this action against Mobil, Relator be awarded an amount for originating and prosecuting this action and collecting the civil penalties and damages, which shall be not less than 25% nor more than 30% of the proceeds of the action or settlement;

- (iv) Relator be awarded post-judgment interest at the highest legal rates, where applicable; and,
- C. That this Court grant such other and further relief, both at law and in equity, to which Plaintiffs are justly entitled.

COUNT II

(False Claims Act - 31 U.S.C. § 3729(a)(2))

- 44. The preceding factual statements and allegations are incorporated herein by reference.
- 45. Through the schemes described in the preceding paragraphs and other unlawful conduct described herein, Mobil knowingly and intentionally made, used, or caused to be made or used false, fraudulent and inaccurate records and/or statements in the form of MMS-2014 forms, to get approved by DOI (MMS), a false or fraudulent claim to obtain and/or convert the government's property (natural gas from Federal and Indian lands).
- These false, fraudulent, and inaccurate records and/or statements were made and continue to be made in MMS-2014 forms. In particular, Mobil each month made a false and inaccurate record for approval (the MMS-2014 forms) by falsifying and inaccurately reporting line 16 Sales Values of the natural gas, line 18 Royalty Value of the natural gas, and the certification previously set forth in paragraph 18. Mobil presented these falsified and inaccurate forms to DOI (MMS) for approval in order to obtain and convert the property of the United States (natural gas). On information and belief, Mobil made tens of thousands false claims.
- 47. Mobil's unlawful conduct is continuing in nature and thus threatens to deprive the United States of its legal entitlement to a full share of natural gas royalties on the leased properties.

WHEREFORE, Relator, on behalf of himself and the United States, requests:

- A. That Mobil be cited to appear and answer and, upon final trial or hearing, judgment be awarded to the Plaintiffs and imposed upon Mobil, for:
 - (i) all actual, incidental and/or consequential damages sustained by the United States;
 - (ii) treble damages pursuant to 31 U.S.C. § 3729(a);
 - (iii) civil penalties pursuant to 31 U.S.C. § 3729(a);
 - (iv) post-judgment interest at the highest legal rates, where applicable;
- B. That:
- (i) Relator be awarded reasonable and necessary attorneys' fees, litigation expenses and court costs through the trial and any appeals of this case;
- (ii) in the event the United States intervenes in and proceeds with this action, Relator be awarded an amount for originating this action of at least 15%, but not more than 25%, of the proceeds of the action or settlement;
- (iii) in the event the United States does not intervene in and proceed with this action against Mobil, Relator be awarded an amount for originating and prosecuting this action and collecting the civil penalties and damages, which shall be not less than 25% nor more than 30% of the proceeds of the action or settlement;
- (iv) Relator be awarded post-judgment interest at the highest legal rates, where applicable; and,
- C. That this Court grant such other and further relief, both at law and in equity, to which Plaintiffs are justly entitled.

COUNT III

(False Claims Act - 31 U.S.C. § 3729(a)(7))

- 48. The preceding factual statements and allegations are incorporated herein by reference.
- 49. Mobil knowingly and intentionally made, caused to be made, or used false records and/or statements, in the form of false and inaccurate MMS-2014 forms, in order to conceal, avoid and/or decrease an obligation to pay natural gas royalties to the United States. On each monthly MMS-2014 form, Mobil knowingly falsified and inaccurately reported line 16 (the "Sales Value" of the natural gas), line 18 (the "Royalty Value" of the natural gas), and the certification previously set forth in paragraph 18. Mobil falsified and inaccurately reported these values in order to conceal, avoid and/or decrease their obligation to pay natural gas royalties to the United States. On information and belief, Mobil made at least tens of thousands false claims.
- 50. Mobil's unlawful conduct is continuing in nature and thus threatens to deprive the United States of its legal entitlement to a full share of natural gas royalties on the leased properties.

WHEREFORE, Relator, on behalf of himself and the United States, requests:

- 1. That Mobil be cited to appear and answer and, upon final trial or hearing, that judgment be awarded to Plaintiffs and imposed upon Mobil for:
 - (1) all actual, incidental and/or consequential damages (in the form of underpaid natural gas royalties) sustained by the United States;
 - (2) treble damages pursuant to 31 U.S.C. § 3729(a);
 - (3) civil penalties pursuant to 31 U.S.C. § 3729 (a);
 - (4) post-judgment interest at the highest legal rates, where applicable.

- 2. That:
 - (1) Relator be awarded reasonable and necessary attorneys' fees, litigation expenses and court costs through the trial and any appeals of this case;
 - (2) in the event the United States intervenes in and proceeds with this action, Relator be awarded an amount for originating this action of at least 15%, but not more than 25%, of the proceeds of the action or settlement;
 - (3) in the event the United States does not intervene in and proceed with this action against Mobil, Relator be awarded an amount for originating and prosecuting this action and collecting the civil penalties and damages, which shall be not less than 25% nor more than 30% of the proceeds of the action or settlement;
 - (4) Relator be awarded post-judgment interest at the highest legal rates, where applicable; and,
- That this Court grant such other and further relief, both at law and in equity, to which
 Plaintiffs are justly entitled.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Relator's Original Complaint For Damages and Other Relief Under the Federal False Claims Act has been served on counsel for the United States Government, as set forth below, by overnight delivery, certified mail, postage prepaid, return receipt requested, on July 7, 1999.

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